



1 Greendale Drive, Caledonia, ON, N3W 2J3 Tel: (905) 765-5344 Fax: (905) 765-5316

April 17, 2008

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Attention: Kirsteen Walli
Board Secretary

Subject: Haldimand County Hydro Inc. (EB-2007-0722)
Staff Discussion Paper on Electricity Distributors:
Customer Service, Rate Classification and Non-Payment Risk

Dear Ms. Walli:

Haldimand County Hydro appreciates the opportunity to comment on items raised in the Staff Discussion Paper entitled Electricity Distributors: Customer Service, Rate Classification and Non-Payment Risk.

Specifically we would like to comment on item "1.1.2 Allocation of Payments Between Energy and Non-Energy Charges". This item is of interest because Haldimand County Hydro performs water and sewer billing on behalf of its municipal shareholder Haldimand County. The service agreement currently includes the following extract:

"PARTIAL PAYMENT

Where a customer makes a partial payment on a bill, the partial payment shall be first applied towards any amount outstanding for a required deposit. Any remaining balance shall then be applied to each of the following as a proportion of the amount owing for each service to the total owing for all three services:

- *electricity services charges in arrears, or due;*
- *waste water charges in arrears, or due;*
- *water charges in arrears, or due."*

Prior to April 1, 2006 the agreement stated:

“PARTIAL PAYMENT

Where a customer makes a partial payment on a bill, the partial payment shall be first applied to any late payment charges outstanding. Any remaining balance shall then be applied in the following order:

- i. electricity services charges in arrears, or due;*
- ii. rental equipment charges in arrears, or due;*
- iii. waste water charges in arrears, or due;*
- iv. water charges in arrears, or due.”*

The agreement also states:

“Late payment charges, at the rate applied to electricity accounts in arrears, shall also be imposed on all water and waste water accounts not paid in full”.

The payment allocation change was implemented in response to a discussion with the municipality about the fairness of the original payment allocation process. One particular fairness concern arises from the landlords because unpaid water bills of a tenant are added to the tax roll of the owner in accordance with current legislation. It appeared that a reasonable assumption for the default intent of a customer who has paid a portion of the total amount owing is that the payment be applied proportionally to each service on the basis of the respective amounts for these services, unless the customer directs otherwise.

Thus, Haldimand County Hydro would recommend that any OEB rules established for payment allocation be based upon OEB staff option (3):

“Distributors could be given discretion as to how payments are allocated as referred to in (2), except where a customer has made a specific request to the distributor as to how the customer wishes payments to be allocated. For example, where a customer is disputing the non-energy charges, a customer may request that the distributor allocate the customer’s payments first to energy charges.”

In direct response to the OEB staff questions the following answers are provided:

“Q6. *Are there any technical limitations (e.g. billing systems) that would limit a distributor’s ability to allocate payments towards energy charges first and non-energy charges second?”*

Haldimand County Hydro has not experienced any technical limitations with its billing system that would limit its ability to allocate payments towards energy charges first and non-energy charges second. However, we are currently in the process of converting to a new billing system and it is unknown at this time whether there would be technical limitations and/or excessive costs involved.

“Q7. If there are technical limitations, what options are available to a distributor to ensure that a customer’s payment is applied to energy charges first?”

No technical limitations experienced to-date, see Q6.

“Q8. If distributors were given discretion as to how payments are allocated, do distributors need guidance from the Board as to how payments should be processed to ensure that it is not done in a manner that would lead to action that is inconsistent with section 31(1) of the Electricity Act, 1998 (in other words, to ensure that customers are only disconnected for non-payment of energy charges)?”

While this has not been an issue at Haldimand County Hydro even though our current payment allocation process is proportional, thoughtful considered guidance from the Board on processing may be helpful.

“Q9. What are the implications of distributors being required to allocate payments in accordance with customer requests?”

Haldimand County Hydro has experienced circumstances where a customer is disputing a water bill and has directed/requested specific allocation of payments to electricity. Accordingly payments have been allocated as requested by the customer without process or billing system issues.

Two paper copies of this document are enclosed. As well, an electronic copy in searchable/unrestricted PDF format has been filed today through the Board’s web portal www.err.oeb.gov.on.ca.

If there are any questions, please contact me at 905-765-5344 (ext. 2237) or jscott@hchydro.ca or our President & CEO Lloyd Payne (ext. 2242) or lpayne@hchydro.ca.

Yours truly,
HALDIMAND COUNTY HYDRO INC.

Original Signed for J. A. Scott

Jacqueline A. Scott
Finance Manager

JAS: nm

Cc. Lloyd E. Payne
President & CEO